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Kodak's last days



AT A time when most people in the developed and developing world own a digital camera or a mobile phone with camera function, it is hard to believe that the company that invented and produced the world's first digital camera has gone bankrupt. Indeed, the Eastman Kodak Company is more than just a 131-year-old producer of photographic film and paraphernalia; its invention and production of simple cameras, photographic film, and photographic paper in the late 19th century revolutionised photography for the masses. Generations of happy memories are immortalised on Kodak paper. Photography would not be what it is today, were it not for Kodak.

So, how is it possible for a company whose shares in 1997 stood at US\$93 per share, to take such a tumble, that, a week after it filed for bankruptcy on Jan 19, its shares stood at just 36 cents (RM1.11) per share? To attribute Kodak's fall to "the march of modern technology" would be to present only a half-developed picture. Kodak is in this position not because it was unable to innovate. In fact, it was the earliest innovator; a lot of the technology that consumers enjoy in Apple, BlackBerry producer Research in Motion, and HTC products are allegedly technology created and patented by Kodak, and for which it is suing these companies for patent infringements. But, as part of its bankruptcy restructuring, Kodak now has to put its digital-imaging patents up for sale. Analyses of Kodak's performance have it that although Kodak was good at research and patenting, it was not good at commercialising its products.

Perhaps the earliest indicator of where it went wrong was in 1975, when Kodak produced the first digital camera, but then dropped it for fear that it would threaten its photographic film business. It is said that Kodak was so tied to its film business that it did not prepare for the future soon enough. And by the time it decided to, it was too late. In many ways, Kodak's demise exemplifies the demise of many things whose death results from the inability to make changes in time. Darwin's evolutionary theory, more easily remembered through the phrase "survival of the fittest", stresses that the ability to adapt will ensure survival. So, although Kodak has served society well in the past, in business, sentimentality won't keep you alive. Whether it is in business, or politics, or print media, we all need to prepare for change well before change happens; whether we like it or not.

Heed this warning: adapt or die.

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